NANO G SENTRAL SDN BHD & ANOR v. EVA ENERGY SDN BHD & ORS

HIGH COURT MALAYA, KUALA LUMPUR
NADZARIN WOK NORDIN J
[CIVIL SUIT NO: WA-22IP-44-08-2020]
2 SEPTEMBER 2022

Abstract – *The court, in an application for a protective order, ought to exercise an act of balancing the considerations that public interest requires all relevant evidence to be disclosed to the court to enable the court to decide the case at hand fairly, such as the plaintiff's right to apply for discovery of all relevant documents in support of his claim and the need to protect the defendant's proprietary interest contained in such confidential information. Once the court is satisfied that the disclosure would be prejudicial to the plaintiff and no prejudice would be caused to the defendant should the protective order be granted, the court may allow the protective order.*

CIVIL PROCEDURE: *Judgments and orders – Protective order – Application to safeguard commercially sensitive information – Whether documents confidential and commercially sensitive in nature – Whether to be protected and kept confidential to prevent risk of leakage of trade secrets to competitors – Whether disclosure of information necessary for trial – Whether grant of protective order just and appropriate*

The second plaintiff, the proprietor of the trademark 'nano-g', and the first plaintiff, the licensee duly authorised by the second plaintiff to have the exclusive right to use the trademark of 'nano-g', throughout their years of business of providing waterproofing services and/or products relating to waterproofing chemicals and/or materials by the brand 'nano-g', had acquired considerable goodwill in the waterproofing industry. The plaintiffs, upon being aware that certain products and/or services had been promoted, advertised, sold and/or offered to be sold to the public wherein the same name/mark 'nano g' used and/or adopted by the defendants, instituted a claim against the defendants for their alleged infringement of the plaintiffs' registered trademark. The use of the name/mark 'nano g' by the defendants was alleged to pose confusion to the public that denoted the services and/or products bearing such name/mark being associated with the plaintiffs. It was further alleged that the defendants had also conspired to injure the plaintiffs by passing off the plaintiffs' products in riding on the goodwill of the plaintiffs that damaged the goodwill and reputation of the plaintiffs with the intention to unlawfully interfere with the plaintiffs' trade, in order to derive unfair commercial advantage from the plaintiffs/goodwill and reputation. In this application under encl. 154, the plaintiffs sought a

protective order to safeguard the plaintiffs' commercially sensitive information including, but not limited to, the plaintiffs' research and development, purchase orders, revenue, costs and such other related information ('protective order').

Held (granting order in terms as per protective order):

(1) The documents or part of the documents in exh. A of encl. 154 were confidential and commercially sensitive by nature, as they related to not only the first plaintiff's rights to use the trademark 'nano-g' and its products to which the second plaintiff was the alleged proprietor, but also to the commercially sensitive information of the trademark and the product itself in the sanitisation industry which consisted of details and information related to the said products and/or services in question. These had to be protected and kept confidential to prevent the risk of their trade secrets being leaked to its competitors and to not allow the plaintiffs' competitors from being one up as against the plaintiffs by having an advantage over the plaintiffs due to the disclosure of these sensitive information and/or details. (para 12)

(2) The documents or part of the documents referred to in exh. A of encl. 154 were necessary for the plaintiffs to prove its case at trial based on the plaintiffs' pleaded case on the use of the trade name/mark by the plaintiffs. Further, it was clear from the pleadings that the parties were competitors or would be competitors in the sanitisation industry and the order was necessary to prevent the plaintiffs' competitors from having access to the same. The disclosure of the said documents or part of the documents in exh. A of encl. 154 would be prejudicial to the plaintiffs and thus it was just and appropriate to make the protective order as such. On the other hand, there appeared to be no prejudice to the defendants should the protective order be granted. (paras 14, 15 & 17)

Case(s) referred to:

Kingtime International Limited & Anor v. Petrofac E&C Sdn Bhd [2020] 11 MLJ 141 HC ***(refd)***

OAG Engineering Sdn Bhd & Ors v. Ng Hoe Keong & Ors [2021] MLJU 158 HC ***(refd)***

Legislation referred to:

Courts of Judicature Act 1964, s. 15(1)
Rules of Court 2012, O. 63A r. 7(4), O. 94, Form 83
Rules of the Court of Appeal 1994, r. 12

For the plaintiff - Joel Kon Tai Hoong, Margaret Tan Hui Ling & Nik Aimi Nabilah; M/s Joel & Co
For the 1st & 3rd defendants - Lim Meng Guan & Roderick Gan Hao Jie; M/s Zi & Assocs
For the 2nd defendant - Kim Kok Thai; M/s Kim Law Chambers

Reported by S Barathi

JUDGMENT
(encl. 154)

Nadzarin Wok Nordin J:

[1] The defendants herein have appealed against the decision of this court given on 2 September 2022 with regard to the notice of application filed by the plaintiffs under encl. 154 (encl. 154) granting *inter alia* a protective order safeguarding the plaintiffs' commercially sensitive information including but not limited to the plaintiffs' research and development, purchase orders, revenue, costs and such other related information (protective order).

[2] The protective order also included the following as prayed for in encl. 154:

(i) that the confidential information be produced for the sole purpose of trial in this action ("the trial proceedings"); and

(ii) that the confidential information is prevented, prohibited and/or forbidden from being disclosed, formulated, explained, characterised or communicated directly or indirectly to any persons and/or organisation, except for the following recipients of the confidential information ("the recipients"):

  (a) the Honourable Judge of the High Court and/or Deputy Registrar handling the proceedings of this matter;

  (b) officers of the High Court assisting directly in the trial proceedings;

  (c) counsel, solicitors and clerical staff of the defendants who take part directly in the trial proceedings and to whom the disclosure of the confidential information is necessary;

  (d) any other person including the representatives and witnesses who are named and agreed in writing by the plaintiffs and the defendants;

  (e) any other persons permitted by the High Court; and

  (f) the person who prepares the notes of proceedings for the trial proceedings.

(iii) the recipients stated in para. (ii), save for (a) and (b) above, shall before shown or given any disclosure or access to the confidential information, sign and execute and undertaking letter which shall be provided to the plaintiffs' solicitors and the High Court where the recipients shall undertake to, amongst others:

  (a) not in any manner discuss, disclose, convey and/or inform regarding the confidential information or any part thereof to any person, other than the solicitors and/or witnesses, from the time

A of obtaining the confidential information unit the disposal of the trial proceedings and any subsequent appeal arising thereof so long as the confidential information remains confidential and not disclosed in the public domain by the plaintiffs themselves;

B (b) not to apply the content of the confidential information in any manner;

(c) to maintain a safekeeping of all the copies, notes of any transcriptions made, if any, therefrom in any manner with respect to and from the confidential information in a C confidential manner so as to prevent any unauthorised access to, use or disclosure of the confidential information; and

(d) to restrict access, usage or disclosure of the confidential information to any persons not listed as the recipient of the confidential information in this order.

D (iv) the recipients are prevented, prohibited and/or forbidden from discussing, disclosing and/or informing and/or applying the confidential information or any part thereof to any persons who is not entitled and/or authorised to receive the confidential information under the terms of this order;

E (v) that the recipient shall at all times, take all reasonable efforts and implement reasonable measure to prevent any unauthorised or inadvertent disclosure and exposure of the confidential information or any part thereof;

F (vi) where any filing or any document containing the confidential information or any part thereof shall be filed in court, this Honourable Court shall, in accordance with O. 63A r. 7(4) of the Rules of Court 2012 direct the learned Registrar to allow the filing of a document or any class of documents by way of physical delivery of the same to the chambers of the learned judge. For avoidance of doubt, the redacted G version of the confidential information shall be electronically filed and a copy of the unredacted version to be given to the court for its safekeeping in a safe;

(vii) that the confidential information be filed or forwarded to the High H Court only if needed and in the event that the confidential information is filed or forwarded, the confidential information shall:

(a) be segregated from other information and documents that had been filed or forwarded to court;

I (b) the confidential information shall be sealed with the following note ("the note") which shall be clearly visible:

Confidential And Protected Information Pursuant to the [Protective Order], governing the preservation of confidentiality and protection of confidential documents and information, this package shall remain sealed in the Court files and is nether to be opened nor the contents thereof be accessed, displayed, disclosed, or revealed except in accordance with the terms of the [Protective Order] and permitted by the Court; and

(c) not to be disclosed, be accessible to or made available for public inspection by any person.

(viii) regarding the trial proceedings which relates to confidential information only:

(a) the trial proceedings shall be heard in a closed manner as provided in s. 15(1) of the Courts of Judicature Act 1964 ("the closed proceedings");

(b) any person who is not the recipients shall not be allowed to attend the closed proceedings;

(c) the recordings and the court recording transcription shall be deleted after produced for the purpose of preparing the notes of proceedings;

(d) the confidential recordings and transcription shall:

(1) be sealed with the note which shall be clearly visible;

(2) be treated as confidential information which is subject to this order; and

(3) only be given to the respective solicitors for the purpose of forwarding the same to a party preparing the notes of proceedings.

(ix) within 30 days from the date of the conclusion of the trial proceedings and any subsequent disposal of any appeals(s):

(a) all the confidential retained by the defendants' counsel, solicitors and their clerical staff assisting in the trial proceedings (as contained in any storage device or store in printed, recorded, digital, temporary or permanent for or in any form). The appointed transcription provider shall be completely and permanently deleted and eliminated;

(b) no confidential information or any part thereof shall be retained or be in the possession or custody or the defendants; counsel, solicitors and their clerical staff assisting in this action and the appointed transcription provider; and

A (c) all terms and conditions of this order made for the purpose of preserving and protecting the secrecy of the confidential information shall continue to be in force and binding even after the disposal of the trial proceedings so long as the confidential information remains to be confidential and secret.

B (x) Form 83 of the Rules of Court 2012 be enclosed on the protective order; and

(xi) that the cost be in the cause.

[3] For the record, the first and third defendants' notice of appeal was C only filed on 2 March 2023 while the second defendant's notice of appeal was only filed on 3 March 2023. As such the said notices of appeals filed by the defendants are pursuant to r. 12 of the Rules of the Court of Appeal 1994, filed out of time and as at the date of my written grounds herein, none of the appellants/defendants have yet to obtain leave from the Court of D Appeal to file its respective notices of appeal out of time.

[4] Be that as it may, to err on the side of caution, I have prepared my written grounds herein.

Brief Facts

E **[5]** The plaintiffs have allegedly collaborated to trade since 2014, where they have used the tradename/mark "nano-g" which the same was registered by the second plaintiff as the proprietor of the trademark "nano-g" on 16 April 2014. It was also agreed that the first plaintiff shall have the exclusive right to use the trademark of "nano-g" as a licensee duly authorised F by the second plaintiff.

[6] Throughout the plaintiffs' years of business of providing waterproofing services and/or products relating to waterproofing chemicals and/or materials by the brand "nano-g", the plaintiffs allege that they have acquired considerable goodwill in the waterproofing industry.

G **[7]** It is also alleged that a substantial amount of marketing and/or advertising under the tradename/mark "nano-g" through different platforms have been expended by the plaintiffs, where in the said trade name/mark has also been used in different ranges of goods marketed by the plaintiffs to the public.

H **[8]** On or about early 2020, it came to the attention of the plaintiffs that certain products and/or services have been promoted, advertised, sold and/or offered to be sold to the public with the same name/mark "nano g" used and/or adopted by the defendants.

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[9] The use of the name/mark "nano g" by the defendants is alleged to pose as a confusion to the public that denoted the services and/or products bearing such name/mark being associated with the plaintiffs.

[10] In the circumstances, the plaintiffs instituted the instant claim against the defendants for their alleged infringement of the plaintiffs' registered trademark, wherein it is further alleged that the defendants have also conspired to injure the plaintiffs by passing off the plaintiffs' products in riding on the goodwill of the plaintiffs that damages the goodwill and reputation of the plaintiffs with the intention to unlawfully interfere with the plaintiffs trade in order to derive unfair commercial advantage from the plaintiffs/goodwill and reputation.

Findings

[11] I had in coming to my decision on encl. 154 considered the grounds mentioned therein as well as the respective affidavits filed by the respective parties and their written submissions thereto *in toto* and duly balanced the outcome of granting the said order as opposed to not granting the order.

[12] After due consideration of the above and perusing the said documents mentioned in encl. 154, I had found that the documents or part of the documents in exh. A of encl. 154 such as packing list, invoices, quotations, activity reports, purchase orders, technical data sheets, test reports including certificates of analysis amongst others were confidential and commercially sensitive by nature as they related to not only the first plaintiff's rights to use the trademark 'nano-g' and its products to which the second plaintiff is the alleged proprietor, but also to the commercially sensitive information of the trademark and the product itself in the sanitisation industry which consist of details and information related to the said products and/or services in question. These have to be protected and kept confidential so as to prevent the risk of their trade secrets being leaked to its competitors and not allow the plaintiffs' competitors from being one up as against the plaintiff by having an advantage over the plaintiffs due to the disclosure of these sensitive information and/or details.

[13] I have considered the defendants' submissions that *inter alia* the plaintiffs' claim is confined to the infringement of trademark and that the plaintiffs had yet to venture into the sanitisation industry or that that documents sought to be protected are in relation to Nano Edge Sdn Bhd who is not a party to the proceedings and find that they are misconceived for the reasons I have alluded to in my written grounds herein.

[14] This court had also found that those documents or part of the documents referred to in exh. A of encl. 154 were indeed necessary for the plaintiffs to prove its case at trial based on the plaintiffs' pleaded case on the

use of the tradename/mark by the plaintiffs, its chronology of events leading thereto, as well as the alleged infringement, passing off and unlawful interference of the mark by the defendants amongst others and for the court to decide the case at hand, more so to establish the plaintiffs' relationship, planning and business between themselves and the pleaded case as well as the plaintiffs' causes of action against the defendants.

[15] It is also quite clear from the pleadings that the parties are competitors or would be competitors in the sanitisation industry and the order is necessary to prevent the plaintiffs' competitors from having access to the same. In this respect, I quote *OAG Engineering Sdn Bhd & Ors v. Ng Hoe Keong & Ors* [2021] MLJU 158 where it was stated:

> [34] This Court rejects the defendants' contention that the Protective Order cannot be sustained as it is inconsistent with O. 18 r. 1 and O. 32 r. 13(1)(a) of the Rules. The defendants failed to understand that the Protective Order is merely meant to protect the trade secrets and confidential information from being freely available to all and sundry, for the reasons intimated by the plaintiffs in their application.

[16] In coming to my decision, I had relied on *Kingtime International Limited & Anor v. Petrofac E&C Sdn Bhd* [2020] 11 MLJ 141 where the court held:

> (5) in deciding to grant a protective order or otherwise:
>
> (a) the court should balance the following competing considerations:
>
> (i) public interest requires all relevant evidence to be disclosed to the court so as to enable the court to decide justly the case at hand;
>
> (ii) the plaintiff's right to apply for discovery of all relevant documents in support of the plaintiff's claim; and
>
> (iii) the need to protect the defendant's proprietary interest in the confidential information in question;
>
> (b) there is no universal or general formula to be followed – please see the judgment of Russell LJ (as he then was) in Warner-Lambert Coat p. 362; and
>
> (c) the learned judge should inspect the documents himself or herself to decide whether a protective order should be granted or not - please see Mobil Oil Australia at p. 40. If parts of the confidential information are not relevant to the case in question, the court may redact those parts. Such a redacting power is clear from the following cases:

(i) please see the judgment of Lord Wilberforce in the House of Lords in *Science Research Council v. Nasse; BL Cars Ltd (formerly Leyland Cars) v. Vyas* [2020] 11 MLJ 141 at 158; [1979] 3 All ER 673 at p. 680; and

(ii) *Tokai Corporation v. DKSH Malaysia Sdn Bhd* [2016] MLJU 621 at para [26](1) and (2).

[17] In the circumstances, I do hold that the disclosure of the said documents or part of the documents in exh. A of encl. 154 would be prejudicial to the plaintiffs and thus it was just and appropriate to make the protective order as such. On the other hand, there appears to be no prejudice to the defendants should the protective order be granted.

[18] Accordingly, I had granted order in terms as per the protective order pursuant to r. 94 of the Rules of Court 2012.